1	2	3	4
MAHARASHTRA	183	100	75
MANIPUR	—	2	—
MEGHALAYA	—	—	—
MIZORAM	2	3	—
NAGALAND	192	5	—
ORISSA	—	—	—
PONDICHERRY	5	—	—
PUNJAB	43	78	150
RAJASTHAN	8	28	—
SIKKIM	—	—	—
TAMIl NADU	444	470	584
TRIPURA	—	—	—
UTTAR PRADESH	223	260	569
WEST BENGAL	—	—	—
DAMAN & DIU	—	—	—
TOTAL	1488	1245	2456

India's Performance on PSU Reforms

1275. SHRI VIREN J. SHAH:
SHRI PRAMOD MAHAJAN:

Will the Minster of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to a report published in the 'Observer' New Delhi of October 9. 1995 under the caption "India's performance on PSU reforms dismal".

(b) if so, what are the findings of the World Bank study relating to PSUs in India's whose performance on reforms has been considered dismal and what are the reasons therefor; and

(c) what remedial steps Government have taken or propose to take to improve the performance of PSUs?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI-PROSAD PAL): (a) and (b) In a recent World Bank policy research report entitled "Bureaucrats in Business", a study has been made of the reform of state-owned enterprises (SOEs) based on a sample of 12 countries *viz.* Chile, Egypt, Ghana, India, Mexico, the Philippines, Republic of Korea, Senegal, Turkey, China, the Czech Republic and Poland. The data utilised for the study primarily pertained to 1980s. The study has placed India among the less seccessful performers in terms of reforming the public sector, alongwith some other countries. Some general conclusions drawn in the Report which would also apply to India are given below.

The study shown that large and inefficient SOEs are costing developing countries dearly especially the poorest among them. Yet reform is possible and offers potentially large benefits including more goods and services of bettter quality at lower prices, increased availability of resources for health, education and other social expenditure and improved fiscal stability all of which can contribute to more rapid economic growth. It has, however, been recognised that reform of SOEs is not easy and often entails political costs. Political obstacles are the main reason for the little headaway in SOE reform in the last decade.

(c) The remedial steps taken by the Government for improvement of the performance of PSUs are spelt out in the Industrial Policy Statement of July, 1991. The other remedial steps taken by the Government to improve the performance

of PSUs are detailed on page 121 of Volume-I of Public Enterprises Survey 1993-94, laid in the parliament in the Budget Session 1995 (statement).

Statement

Steps Taken for Performance Improvement

15.1 Government and the public sector managements are continuing their efforts to improve the performance of public enterprises. Some of the steps taken in this regard are mentioned below:—

- Signing of MOUs with almost all public enterprises except those which are sick or of insignificant size.
- Periodic performance review meetings of public enterprises by the administrative Ministries.
- Delegation of more powers to Board of Directors, especially of MOU signing companies
- Professionalisation of Board of Directors
- Disinvestment of shares of selected PSUs
- Reference of sick companies to the Board for Industrial & Financial Reconstruction (BIFR)
- Reduction of surplus manpower through voluntary retirement scheme (VRS)
- Human Resources Development
- Diversification of product-mix
- Technology upgradation, research & development
- Improved maintenance management practices
- Greater emphasis on energy conservation
- Provision of captive power plants
- Export promotion

Financing Area Development Programme

1276. SHRI GUNDAPPA KORWAR: Will the Minister of FINANCE be pleased to state:

(a) whether the World Bank and Asian Development Bank have suggested that States be fully involved in the preparation of Area Development Programme;

(b) if so, the details of the conditions laid down by the World Bank for financing Area Development Programme; and

(c) the response of the Central Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. DEBI-PROSAD PAL): (a) to (c) There are no area development programmes in the country which are financed by Asian Development Bank. However, the World Bank is financing integrated Agriculture Development Projects in some States such as Rajasthan, Assam, Bihar and Tamil Nadu covering activities in areas of agriculture and lives stock development, horticulture and rural roads. The State Governments are fully involved in the preparation and implementation of these project. The terms and conditions applicable for these projects are the standard concessional terms of International Development Association, *Viz.* interest rate of zero per cent, service charges at 0.75 per cent and commitment charge of 0.5 per cent.

Directions of Funding to Small Scale Units

1277. SHRI SARADA MOHANTY: Will the MINISTER OF FINANCE be pleased to state:

(a) the direction issued by Government to different commercial banks on funding industrial units, particularly the small scale units;

(b) the steps taken by different nationalised commercial banks thereon; and

(c) the specific details thereof?